

Distribute Freight Cost to Inventory

Document #:	3228	Product:	CenterPoint®
-------------	------	----------	--------------

Freight cost can be allocated to inventory items. Freight cost distribution can either be a percent of cost or percent of weight. Caution should be taken when making freight cost distributions to inventory where invoice quantities have already been sold, especially if using the average cost valuation.

When distributions are performed where remaining quantity is less than the invoice quantity, the total of the adjustment amounts will always be less than the amount to distribute, because the remaining quantity is divided by the original invoice quantity in the adjustment amount calculation. The remaining distribution amount is deemed to have already been expensed as cost of goods sold on the Income Statement, because it is no longer in inventory. This occurs so you can enter the full freight amount and have the program distribute the correct cost to remaining inventory when some of that inventory has already been used.

Distribute Freight Cost to Inventory

1. Select **Processes > Inventory > Distribute Freight Cost to Inventory**.

Distribute Freight Cost to Inventory

Inventory Purchase Information

Company

CPTESTCO - Restored.

Vendor

Doug & Ann's Cleaning Service

Invoice

004108

Freight Transaction Information

Transaction Date

04/04/2013

Transaction #

124787

Distribution Information

Distribution Method

Percent of Cost

Freight Distribution Amount

\$114.23

Distribute

Expense Account

Freight Expense

All Quantities and Unit Costs are displayed in stocking units of this screen.

Adjust	Item	Invoice Quantity	Remaining Quantity	Unit Cost	Original Invoice Amount	Adjustment Amount	New Cost	New Unit Cost
☒	English Bridle	5.000	5.000	92.000	460.00	41.90	501.90	100.380
☒	English Bridle	3.000	3.000	45.000	135.00	12.30	147.30	49.100
☒	Western Bling Bridle	4.000	4.000	72.000	288.00	26.23	314.23	78.558
☒	Western Bling Bridle	1.000	1.000	101.000	101.00	9.20	110.20	110.200
☒	Western Bling Bridle	3.000	3.000	90.000	270.00	24.59	294.59	98.197

Total Adjustment Amount

\$114.22

Save

Cancel

Close

2. In the **Company** box, enter or select the company name that this freight distribution is for.
3. In the **Vendor** box, enter or select the vendor that this freight distribution is for.
4. Select the **Invoice** or payment you want to distribute freight to. The lookup will display a list of the vendor invoices and payments with positive invoice totals and quantities where freight has not previously been distributed with at least one sales item type of inventory item, lotted item or serialized item. Invoices that have already had a freight cost distribution transaction posted are not included in the lookup. When an invoice/payment is selected the grid below displays the vendor invoice details. All Quantities and Unit Costs are displayed in stocking units on this screen.

5. In the **Transaction Date** box, enter the distribution date or if the freight amount was entered on the original Vendor Invoice then that original invoice date will display.
6. In the **Transaction #** box, enter the freight invoice or distribution number.
7. Select the **Distribution Method**; Percent of Cost or Percent of Weight.
8. If the invoice selected had a freight amount, the amount displays in the **Freight Distribution Amount** box. If a **Freight Distribution Amount** doesn't display, enter the amount.
9. If the invoice selected has a freight amount entered, the **Freight Expense** account assigned to the invoice displays. If an expense account doesn't display, select a **Freight Expense** account.
10. Click the **Distribute** button to distribute the Freight Distribution Amount to the inventory line item details that have the Adjust checkbox selected.
11. The **Adjusted Amount** column will display the calculated amount. as:
 - » If the Distribution Method = Percent of Cost , each row is calculated as: $(\text{Freight Distribution Amount} * (\text{row Invoice Amount} / \text{Sum of rows Invoice Amount})) * (\text{Remaining Quantity} / \text{Quantity})$.
 - » If the Distribution Method = Percent of Weight, each row is calculated as: $(\text{Freight Distribution Amount} * (\text{row Total Weight} / \text{Sum of rows Total Weight})) * (\text{Remaining Quantity} / \text{Stocking Quantity})$.
 - » The **New Cost** column is calculated as:
 - » For FIFO or LIFO - $\text{Remaining Quantity} * \text{Unit Cost} + \text{Adjustment Amount}$
 - » For Average Cost - $\text{Inventory Available Balance Amount} + \text{Adjustment Amount}$.
 - » The **New Unit Cost** column is calculated as: $\text{New Cost} / \text{Remaining Quantity}$.
12. Click **Save**.